

## Message Text

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ORIGIN XMB-04

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /055 R

66614

DRAFTED BY: EIB:TEMORAN

APPROVED BY: EB/IFD:ODF:RASWART

EIB:CNORRIS

EIB:DOBEIM

NEA/AFN:WWEISLOGE

TREAS:RANDERSON

TREAS:SCANNER INFO

----- 130887

R 282200Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

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E.O. 11652: NA

TAGS: EGEN, AG

SUBJ: ISSUES RAISED BY ALGERIANS DURING VISIT OF UNDER-SEC  
ROBINSON

REF: ALGIERS 1642

1. RE PARA ONE REFTTEL. BELIEVE MINISTER ABDESSELAM'S QUESTION  
ABOUT OBTAINING ADDITIONAL EXIM FINANCING FOR ARZEW PROJECT  
NOW ANSWERED SINCE EXIM AUTHORIZED ON JUN 30 A LOAN FOR HASSI  
R'MEL GAS FIELD PROJECT WHICH IS TO PROCESS GAS TO BE USED AS  
FEED STOCK FOR ARZEW LNG PLANT.

2. SOME MONTHS AGO WHEN EXIM BEGAN TO HEAR RUMORS THAT THERE WAS  
A MAJOR OVERRUN IN COSTS OF ARZEW LNG PLANT (CHEMICO CONTRACT)  
AND THAT EXIM WOULD BE ASKED FOR ADDITIONAL FINANCING TO MEET  
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OVERRUN, EXIM ADVISED SONATRACH THAT WE WOULD WANT SOME CLARI-

FICATION OF THE OVERRUN SITUATION IN CONNECTION WITH OUR CON-  
SIDERATION OF FINANCING FOR HASSI R'MEL PROJECT. BELIEVE  
ABDESSLEM'S REMARKS STEM FROM FEED BACK HE HAD FROM SONATRACH  
PEOPLE ON THIS QUESTION. APPARENTLY THE MESSAGE WAS GARBLED  
BY ALGERIANS; WE NEVER SUGGESTED THAT CHEMICO/SONATRACH PRO-  
BLEMS CONCERNING LNG PLANT WOULD DIRECTLY DETERMINE OUTCOME OF  
ALGERIAN REQUESTS FOR FINANCING OF OTHER PROJECTS. ON THE OTHER  
HAND, THE HASSI R'MEL PROJECT IS DIRECTLY RELATED TO THE LNG  
PROJECT AND WE WERE (AND CONTINUE TO BE) CONCERNED ABOUT COST  
OVERRUN, HOW IT WOULD BE FINANCED, AND HOW CHEMICO/SONATRACH  
PROBLEMS WILL AFFECT COMPLETION OF THE PROJECT.

3. RE PARA FOUR REFTEL. IT IS CORRECT THAT EXIM HAS DURING THE  
PAST SEVERAL MONTHS TURNED DOWN REQUESTS BY US FIRMS FOR  
PRELIMINARY COMMITMENTS FOR CERTAIN ALGERIAN PROJECTS. GTE  
PROJECT WITH SONELEC FOR "PROFESSIONAL ELECTRONIC EQUIPMENT"  
AND FLUOR/PFIZER ANTIBIOTICS PROJECT WITH SNIC ARE BUT TWO  
WE HAVE TURNED DOWN. AS WILL BE SEEN IN EXIM STUDY ON ALGERIA  
WHICH HAS BEEN AIR POUCHED TO EMBASSY, WE HAVE DURING THE PAST  
YEAR OR SO HAD TO TURN DOWN A NUMBER OF APPLICATIONS FOR THE  
SIMPLE REASON THAT WE CAN NOT PROVIDE FINANCING FOR EACH AND  
EVERY ONE OF THE GREAT NUMBER OF ALGERIAN PROJECTS WHICH ARE  
BROUGHT TO US. OUR STUDY WILL OUTLINE THE RATIONALE WE HAVE  
FOLLOWED IN TURNING DOWN CERTAIN CASES.

4. RE SAME PARA REFTEL. THE COMMENT THAT EXIM LIMITS CREDIT TO  
TEN YEARS WITH FOUR YEARS GRACE PERIOD IS SIMPLY NOT CORRECT.  
WE TRY TO TAILOR FINANCING PACKAGE TO MEET REQUIREMENTS OF  
THE PROJECT, BUT FOR THE ALGERIANS, THE REPAYMENT TERMS WE  
OFFER NEVER SEEM TO BE LONG ENOUGH, OUR GRACE PERIODS ARE NEVER  
LONG ENOUGH, AND OUR INTERESTS RATES ARE ALWAYS TOO HIGH.  
INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, INDUSTRIAL PLANTS, LOANS, DEVELOPMENT FINANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** EIB:TEMORAN  
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**Film Number:** D750299-0702  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Previous Handling Restrictions:** n/a  
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